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Title: Need to provide financial assistance for setting up a new phenol and acetone plant in Hindustan Organic Chemicals Limited, Kochi in Kerala.

SHRI K. P. DHANAPALAN (CHALAKUDY): Kochi Unit of Hindustan Organic Chemicals Limited (HOCL) started its operations in the year 1987 and has so far made an accumulated net profit of around Rs.766 crores. However, during 2012-13, it incurred a loss of Rs. 36 crores and during 2013-14 up to September incurred a loss of Rs.27 crores. One of the major factors which contributed to the loss is the withdrawal of anti dumping duty on import of Phenol. Second reason is the increase in price of raw materials to the extent of 30-40% compared to the previous year. It is pointed out that the HOCI is facing serious crisis due to large scale dumping of Phenol and Acetone originating from USA, Korea and Taiwan. At the same time, the Rasayani Unit of the HOCL is continuously incurring losses since 1996-97 and it is to the extent of Rs.1303 crore mainly because of the sub optimal capacity of the plants and higher manpower costs and overheads. In the year 2012-13, an amount of Rs.48 crore was transferred from collection of Kochi Unit to Rasayani Unit for payment of raw materials, salaries etc.and another 10 crore for payment of bond interest and bond issue expenses. All these led to accumulation of dues payable to BPCL (KR) for expenses of raw materials to the tune of Rs. 82 crores and the BPCL restricted the supply which resulted in intermittent shut down leading to low capacity utilisation which is 35% in 2013-14.

The outcome of all this is high cost of production and stock out situation of products and the firm lost many customers. In order to reduce the cost of production of Phenol and Acetone and to become competitive in the market, the

only way is to set up a new phenol/acetone plant of world class size with latest technology. The estimated cost of such a new project is approximately at Rs. 1200 crore. For this HOCL Kochi Unit requires funding/Budgetary support from Government of India. Besides as an immediate relief, a soft loan of Rs. 90 crore may be granted for working capital for Kochi Unit. Also anti dumping duty may be imposed on the import of Phenol and Acetone immediately. Hence I request the Government to consider the above requirements of Hindustan Organic Chemicals Limited so as to save it from the present crisis.